

**IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF PUERTO RICO**

In re:

The Financial Oversight and Management Board
for Puerto Rico,

as representative of

The Commonwealth of Puerto Rico, *et al.*,

Debtors.¹

PROMESA

Title III

No. 17 BK 3283-LTS

In re:

The Financial Oversight and Management Board
for Puerto Rico,

as representative of

The Puerto Rico Electric Power Authority,

Debtor.

No. 17 BK 4780-LTS

¹ The Debtors in these Title III Cases, along with each Debtor's respective Title III case number and the last four (4) digits of each Debtor's federal tax identification number, as applicable, are the (i) Commonwealth of Puerto Rico (Bankruptcy Case No. 17 BK 3283-LTS) (Last Four Digits of Federal Tax ID: 3481); (ii) Puerto Rico Sales Tax Financing Corporation ("COFINA") (Bankruptcy Case No. 17 BK 3284-LTS) (Last Four Digits of Federal Tax ID: 8474); (iii) Puerto Rico Highways and Transportation Authority ("HTA") (Bankruptcy Case No. 17 BK 3567-LTS) (Last Four Digits of Federal Tax ID: 3808); (iv) Employees Retirement System of the Government of the Commonwealth of Puerto Rico ("ERS") (Bankruptcy Case No. 17 BK 3566-LTS) (Last Four Digits of Federal Tax ID: 9686); (v) Puerto Rico Public Buildings Authority ("PBA") (Bankruptcy Case No. 19 BK 5523-LTS) (Last Four Digits of Federal Tax ID: 3801); and (vi) Puerto Rico Electric Power Authority ("PREPA") (Bankruptcy Case No. 17 BK 4780-LTS) (Last Four Digits of Federal Tax ID: 3747).

**PRECAUTIONARY OBJECTION AND RESERVATION OF RIGHTS OF
U.S. BANK NATIONAL ASSOCIATION AS PREPA BOND TRUSTEE
TO PREPA’S URGENT MOTION FOR ORDER
(I) SCHEDULING A HEARING TO CONSIDER THE ADEQUACY OF INFORMATION
CONTAINED IN THE DISCLOSURE STATEMENT, (II) ESTABLISHING DEADLINE
FOR FILING OBJECTIONS TO THE DISCLOSURE STATEMENT AND REPLIES
THERE TO, (III) APPROVING FORM AND MANNER OF NOTICE THEREOF,
(IV) ESTABLISHING DOCUMENT DEPOSITORY PROCEDURES IN CONNECTION
THEREWITH, AND (V) GRANTING RELATED RELIEF [ECF NO. 3112]**

U.S. Bank National Association, in its capacity as PREPA Bond Trustee (solely in such capacity, the “PREPA Bond Trustee”), respectfully submits this Precautionary Objection and Reservation of Rights (“Precautionary Objection”) to the *Urgent Motion of Puerto Rico Electric Power Authority for Order (I) Scheduling a Hearing to Consider the Adequacy of Information Contained in the Disclosure Statement, (II) Establishing the Deadline for Filing Objections to the Disclosure Statement and Replies Thereto, (III) Approving the Form and Manner of Notice Thereof, (IV) Establishing Document Depository Procedures in Connection Therewith, and (V) Granting Related Relief [ECF No. 3112]* (the “Scheduling Motion”).² In support of its Precautionary Objection, the PREPA Bond Trustee states as follows:

1. The PREPA Bond Trustee submits this Precautionary Objection for the limited purpose of ensuring that the scope of relief the Court is addressing in this Scheduling Motion cannot be misconstrued going forward. Specifically, the PREPA Bond Trustee requests confirmation that the Court—in granting any relief sought in the Scheduling Motion—has not been asked to and is not approving, disapproving, or otherwise ruling on any aspect of the settlement offer solicitation process the Financial Oversight and Management Board for Puerto Rico (the

² Capitalized terms used herein but not otherwise defined will have the meaning ascribed to them in the Scheduling Motion.

“Oversight Board”) has indicated it intends to initiate with all PREPA Bondholders to be launched through DTC on or around December 28, 2020.

2. This process (the “Exchange Offer Process”) is referenced on pages 2-3 and 40-41 of the proposed *Disclosure Statement for Title III Plan of Adjustment of the Puerto Rico Electric Power Authority* [ECF No. 3111] (the “Disclosure Statement”). The Oversight Board describes the Exchange Offer Process as follows:

In order to allow holders of PREPA Revenue Bond Claims and Assured Insured Interest Rate Swap Claims to settle their Claims against PREPA, the Oversight Board will provide each such holder with the opportunity to sign a plan support agreement by the expiration of the Exchange Offer Period (as defined below), pursuant to which such holder can agree to be treated as a Settling Bondholder or Settling Monoline, as appropriate, pursuant to the Plan. Any signing claimholder shall receive a contra-CUSIP in exchange for their current holdings. Any holder that does not sign and deliver the plan support agreement shall be treated as a Non-Settling Bondholder or Non-Settling Monoline, as appropriate, and will not be able to join the Settling Bondholder and Settling Monoline Class, unless the Oversight Board agrees to extend such deadline, but in no event will such deadline be extended after a ruling by the Title III Court on the Amended Lien & Recourse Challenge.

The Oversight Board intends to commence the period within which the holders of PREPA Revenue Bond Claims and Assured Insured Interest Rate Swap Claims can sign the plan support agreement (the “Exchange Offer Period”) on or around December 28, 2022, with the Exchange Offer Period concluding on or around February 15, 2023. Each eligible holder will receive both the plan support agreement and a corresponding settlement offer memorandum, explaining, among other things, the proposed treatment of such holder’s Claims if the holder signs the plan support agreement. Any failure to deliver the signed restructuring support agreement prior to the expiration of the Exchange Offer Period will prevent from such holder opting into the settlement class and will prevent from such holder receiving the treatment that such class will receive if the Disclosure Statement is approved and the Plan is confirmed.

(Disclosure Statement 40-41.)

3. To date, the Oversight Board has not provided the PREPA Bond Trustee with any further information about the Exchange Offer Process beyond that contained in the plan-related materials submitted on December 16, 2022. To date, the Oversight Board has neither sought nor obtained the PREPA Bond Trustee's consent regarding any aspect of the Exchange Offer Process.

4. Neither the Scheduling Motion nor the Proposed Order submitted as Exhibit A thereto expressly reference the Exchange Offer Process or ask the Court to provide any relief relating thereto.

5. Nevertheless, to avoid any potential misunderstanding (including by third parties) about the scope of the Court's order approving the Scheduling Motion and to protect the rights of all parties concerned, the PREPA Bond Trustee requests that any order the Court may issue in response to the Scheduling Motion contain the following language:

Scope of Order. In its Motion, the Board has not asked that the Court consider or authorize any settlement offer to Holders of PREPA Revenue Bond Claims as described in the Disclosure Statement [ECF No. 3111 at 40-41], and nothing in this Order shall be construed to authorize or deny authorization with respect to any such settlement offer, and no rights or remedies of any person or entity with respect thereto are limited hereby.

6. Prior to the submission of this Objection, counsel for the PREPA Bond Trustee contacted counsel for the Oversight Board to request that the Scheduling Motion's proposed order be amended to include the language referenced in Paragraph 5. The Oversight Board responded that such language was not necessary, and while the PREPA Bond Trustee agrees that it should be clear that any order regarding the Oversight's Board Scheduling Motion does not address the Exchange Offer Process, the PREPA Bond Trustee nonetheless makes this request out of an abundance of caution.

RESERVATION OF RIGHTS

7. The PREPA Bond Trustee reserves any and all rights concerning the Exchange Offer Process, including the right to object to the timing, method, substance, and effect of any settlement offer extended to PREPA Bondholders pursuant to the Exchange Offer Process.

RESPECTFULLY SUBMITTED, in San Juan, Puerto Rico, December 21, 2022.

WE HEREBY CERTIFY that on this same date a true and exact copy of this motion was filed with the Clerk of Court using the CM/ECF system, which will notify a copy to counsel of record.

**RIVERA, TULLA AND FERRER,
LLC**

By: /s/ Eric A. Tulla
Eric A. Tulla
USDC-DPR No. 118313
Email: etulla@riveratulla.com

Rivera Tulla & Ferrer Building
50 Quisqueya Street
San Juan, PR 00917-1212
Tel: (787)753-0438
Fax: (787)767-5784 (787)766-0409

MASLON LLP

By: /s/Clark T. Whitmore
Clark T. Whitmore (admitted *pro hac vice*)
Michael C. McCarthy (admitted *pro hac vice*)
John T. Duffey (admitted *pro hac vice*)
Jason M. Reed (admitted *pro hac vice*)

90 South Seventh Street, Suite 3300
Minneapolis, MN 55402
Telephone: 612-672-8200
Facsimile: 612-672-8397
E-Mail: clark.whitmore@maslon.com
michael.mccarthy@maslon.com
john.duffey@maslon.com
jason.reed@maslon.com

**ATTORNEYS FOR U.S. BANK NATIONAL
ASSOCIATION, IN ITS CAPACITY AS
PREPA BOND TRUSTEE**